



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

IV-D MEMORANDUM 2023-009

TO: Friend of the Court (FOC) Staff
Office of Child Support (OCS) Central Operations
Staff

FROM: Erin P. Frisch, Director
Office of Child Support

DATE: June 5, 2023

SUBJECT: Increasing Lump-Sum Withholding by Reducing the Submittal
Threshold for Multistate Financial Institution Data Match (MSFIDM)

UPDATE(S):

☒ Manual

☐ Form(s)

ACTION DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum announces policy changes with the goal of increasing support collections through lump-sum income withholding.

To increase the number of lump-sum reports received from the federal Office of Child Support Enforcement's (OCSE's) Debt Inquiry Service (DIS), OCS is reducing the threshold for submitting non-custodial parent (NCP) arrearages to OCSE's Debtor File under the MSFIDM program. Effective June 9, 2023 with the Child Support 23.2 Release, OCS will change the MSFIDM submittal threshold from \$2,500 to \$25 for arrears-only cases.¹ The lower MSFIDM submittal threshold will allow the DIS to match lump-sum reports with more Michigan cases on OCSE's Debtor File.

OCS has revised the following *Michigan IV-D Child Support Manual* sections to reflect this policy change and to clarify the submittal and matching processes:

- 3.06, "Federal Child Support Portal"; and
- 6.27, "Liens – FIDM/MSFIDM."

¹ "Arrears-only" means the case does not have an actively charging (current) monthly support obligation.

Significant changes to the content since its last publication are indicated by a change bar in the right margin of the manual sections. Content that has been reorganized or removed is not identified with a change bar. Also, a change bar is not used to indicate the replacement of the term “Federal Offset Program” with “Federal Collections and Enforcement Program.”

DISCUSSION:

A. Background

The goal of this change is to ensure Michigan IV-D cases will benefit from an increase in lump-sum reporting opportunities. However, the lump-sum income withholding case criteria and policy, and the process involving OCS Central Operations and the FOCs will remain unchanged.² Nevertheless, with the changes to the MSFIDM submittal threshold, OCS should receive more lump-sum reports from the DIS more often.

1. Lump-Sum Withholding and DIS Matching Process

Upon receiving a matched lump-sum report from the DIS, OCS can initiate lump-sum withholding. Lump-sum withholding can occur when an NCP's arrearages are less than the thresholds for enforcement remedies associated with submittal to the Debtor File under OCSE's Federal Collections and Enforcement Program.³ However, OCS has not been receiving as many lump-sum report matches from the DIS as expected because the thresholds used by MiCSES⁴ for remedies under the Federal Collections and Enforcement Program have prevented MiCSES from submitting NCPs to the Debtor File.

An employer (or insurer) can use OCSE's DIS to submit lump-sum payment reports to state IV-D programs. When an employer reports an NCP's upcoming lump-sum payment to the DIS, the DIS checks OCSE's Debtor File to see if that NCP has any arrearages. OCSE includes an NCP on the Debtor File when a state submits an NCP's arrearage to OCSE's Federal Collections and Enforcement Program for FTRO,⁵ Passport Denial,⁶ and/or MSFIDM. If the report matches with an NCP arrearage on OCSE's Debtor File, and the state associated with the NCP's case participates in the DIS, the DIS notifies that

² Ref: [Section 6.09, “Lump Sum/Bonus,” of the Michigan IV-D Child Support Manual](#) for lump-sum withholding policy and procedures.

³ This program was formerly known as the Federal Offset Program and includes Federal Tax Refund Offset (FTRO), Passport Denial, and MSFIDM. Ref: [Overview of the Federal Collections and Enforcement Program](#) as well as [OCSE Action Transmittal \(AT\)-10-04, Collection and Enforcement of Past-Due Child Support Obligations](#) and its [attachment](#).

⁴ MiCSES is the Michigan Child Support Enforcement System.

⁵ Ref: [Section 6.21, “Tax Refund Offset,” of the Michigan IV-D Child Support Manual](#) regarding Michigan's arrearage threshold for FTRO.

⁶ Ref: [Section 6.24, “Passport Denial/Restriction,” of the Michigan IV-D Child Support Manual](#) regarding Michigan's arrearage threshold for passport denial.

state. Upon receiving the match notice, the state can retrieve the report from the DIS and pursue lump-sum withholding if appropriate. In Michigan, OCS Central Operations receives the match notification and retrieves the report from the DIS.

2. Change to the DIS Matching Process Resulted in Fewer Lump-Sum Matches

On July 20, 2020, OCSE changed the DIS's process for matching lump-sum reports with NCP arrearages. The DIS began matching lump-sum reports only with OCSE's Debtor File, which resulted in fewer matches for Michigan and other states. Previously, the DIS first matched lump-sum reports against OCSE's Debtor File; then if the NCP was not included on the Debtor File, the DIS would match lump-sum reports against the cases on the Federal Case Registry (FCR). Through the FCR matching step, Michigan was able to receive lump-sum reports when the NCP's arrearage was not included on the Debtor File. This secondary step provided a match to states regardless of an NCP's arrearage amount. However, OCSE discontinued the FCR matching step because some states were receiving high volumes of matches for which the NCP did not have an arrearage and lump-sum withholding was not viable. OCS and MiCSES are now reacting to this federal change.

Eliminating the FCR match has reduced the number of DIS matches because only NCPs with arrearages that meet the thresholds for the programs in the Federal Collections and Enforcement Program are included in OCSE's Debtor File. For example, the lowest arrearage threshold for the programs Michigan participates in is the \$150 FTRO threshold for Temporary Assistance for Needy Families (TANF)-assigned arrearages. Michigan law does not require a minimum arrearage amount to be met before enforcement through lump-sum income withholding may occur. However, under the current matching process, if the NCP's arrearage is less than \$150, it is not submitted to the Debtor File for DIS matching.

B. Reducing the MSFIDM Submittal Threshold to Increase Lump-Sum Matches

The only way to make more NCP arrearages available on the Debtor File for DIS matching is to lower a submittal threshold on one of the Federal Collections and Enforcement Programs. OCS has chosen to lower the MSFIDM submittal threshold.

1. Considerations for Reducing Arrearage Thresholds

In January 2018, OCSE clarified that states could submit an NCP to the Debtor File through the Federal Collections and Enforcement Program if the NCP's arrearage was at least \$25.⁷

⁷ Ref: [OCSE Information Memorandum \(IM\)-18-01, Minimum Requirement for OCSE Debtor File Submittals](#).

OCS considered lowering its submittal threshold for FTRO or passport denial to the minimum \$25 but chose to lower only the threshold for MSFIDM instead. Reducing the submittal threshold for FTRO or passport denial would result in high volumes of *Pre-Offset Notices* (PONs) being sent to NCPs who do not meet the legal threshold for the enforcement action. This could cause confusion and frustration for NCPs and for IV-D staff responding to NCP inquiries, as well as additional billing costs for the state. OCS will continue to exclude an NCP's arrearage from submittal to the Federal Collections and Enforcement Program for FTRO and passport denial until the NCP's arrearage meets the threshold for those programs.

2. Submission for MSFIDM Matching

OCS will submit an NCP for MSFIDM matching and inclusion on the Debtor File when the NCP's arrearage is at least \$25 on a case without an actively charging (current) monthly support obligation. The MSFIDM submittal threshold for actively charging cases will remain at 12 months of current support, which is the same as the legal threshold for OCS Central Operations (centralized enforcement) to pursue a lien against an NCP's financial account.⁸

OCS estimates this option would have resulted in 12,000 additional MSFIDM submittals over the past year if the submittal threshold had been \$25 during the past year. While these 12,000 submittals do not meet the legal threshold for pursuing liens, they would have been available on the Debtor File for DIS matching.

However, unlike FTRO and passport denial, MSFIDM enforcement action is not taken at the federal level. OCSE performs financial institution account matching and provides matches back to the state. Then the state determines whether enforcement action is appropriate. OCSE does not send PONs to NCPs as part of the MSFIDM program, and OCSE does not pursue liens against accounts.

C. Mitigation of Impacts to MSFIDM and Related Enforcement Programs

Lowering the MSFIDM submittal threshold to \$25 for arrears-only cases will cause OCS to receive MSFIDM matches that do not meet the legal threshold for lien/levy. These matches could create unnecessary work for OCS Central Operations staff and additional costs for the IV-D program. Therefore, OCS will implement measures to mitigate this impact.

⁸ Ref: Michigan Compiled Law (MCL) 400.240.

1. MSFIDM

When the FCR/Federal Parent Locator Service (FPLS) returns MSFIDM matches, MiCSES loads the *Administrative Levy* (ADLV) activity chain⁹ and generates a work item for OCS Central Operations in their Enterprise Workload Management (EWM) system. With the 23.2 release, OCS will implement a filter to prevent MiCSES from loading ADLV chains and generating EWM items when the NCP's arrearages are less than \$2,500.

The Data Warehouse will continue to retain all returned MSFIDM matches. The Business Objects reports that OCS Central Operations staff use to review the MSFIDM matches will have new options to filter arrearage amounts.

2. Related Enforcement Programs

OCS also submits NCP arrearages to other enforcement programs for matching based on the data submitted to OCSE for MSFIDM. To avoid receiving non-viable matches, OCS will continue to submit NCP arrearages for arrears-only cases to the following programs at the \$2,500 threshold level:

- Child Support Lien Network (CSLN)
- FIDM – Michigan FIDM vendor.

D. Updates to Manual Sections

OCS has made the following revisions to Sections 3.06 and 6.27:

1. Section 3.06

- Updated the DIS matching process with the minimum \$25 arrearage threshold for submitting arrears-only cases to MSFIDM;
- Removed information about the FCR matching option from the DIS matching process; and
- Added references to the *Federal Child Support Portal Webinar Series* recordings available on the State of Michigan Learning Management System.

2. Section 6.27

- Removed the paragraph about the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 in Subsection 2.4;
- Updated the email address for OCS suspense management staff; and
- Added information about the MSFIDM submission process and the FIDM/MSFIDM matching process.

⁹ Ref: [MiCSES Customer Information Guide: Financial Institution Data Match – FIDM/MSFIDM](#) for more information about system activity initiation.

NECESSARY ACTION:

Review Sections 3.06 and 6.27 of the *Michigan IV-D Child Support Manual*. For those maintaining a hard copy of the manual, print the manual sections and add them to the manual. Discard the previously published versions of Section 3.06 (published August 30, 2022) and Section 6.27 (published December 4, 2017).

Review Section 6.09 as needed to learn about the lump-sum income withholding process.

REVIEW PARTICIPANTS:

Enforcement Work Improvement Team
Program Leadership Group

CONTACT PERSON:

Chris Townsend
OCS Policy Analyst
517-241-5053
TownsendC2@michigan.gov

CC:

None

SUPPORTING REFERENCES:

Federal
OCSE AT-10-04
OCSE IM-18-01

State
MCL 400.240

ATTACHMENTS:

Section 3.06:	Federal Child Support Portal
Section 6.27:	Liens – FIDM/MSFIDM

EPF/CT